Keep Good Feel Corp Sdn Bhd (previously known as Fasa Bebas Sdn Bhd) & Anor v Pharma World (M) Sdn Bhd & Ors

HIGH COURT (KUALA LUMPUR) — COMMERCIAL TRIAL NO D6–22–389 OF 2002
HAMID SULTAN JC
21 AUGUST 2009

Trade Marks — Infringement of trademark and passing off — Application for injunction — Whether products bore similar get-up — Whether there was confusion and deception in market — Whether plaintiffs acquired goodwill in trademark — Whether plaintiffs succeeded in establishing all ingredients required to sustain action of passing off

The first plaintiff was the manufacturer of a product known as 'Lady Gold', which offered gynecological benefits. The distinguishing features of the product was the deployment of three kanji characters written in Chinese which translated as 'golden imperial courtesan' with a drawing of a young Oriental lady in traditional attire below it. It was the plaintiff's complaint that the defendant had been offering for sale a product which offered gynecological benefits that bore a similar branding as that of the plaintiff's product. According to the plaintiff, the defendant's product had two kanji characters written in Chinese which were identical with the plaintiff's product and translated to 'imperial courtesan' with a picture of a young Oriental lady in traditional attire below it. Thus it was the plaintiffs' complaint that the defendants had marketed their product using a similar get-up as the plaintiffs and that this constituted passing off. Although, the defendants' product was already in the market before the plaintiffs' product was launched the plaintiffs alleged that that the defendants had subsequently marketed their product using the similar get-up as that of the plaintiffs. The plaintiffs then issued several notices to the defendants requesting that the latter cease dealing in the defendants' product which bore a confusingly similar mark. However, despite these notices the defendants had placed an advertisement in the Sin Chew Jit Poh, which in the plaintiffs' view contained an imputation that the plaintiffs' product was a counterfeit whereas the defendants' product was genuine and authentic. The defendants denied that their product bore any resemblance to the plaintiffs' product and claimed that they were perfectly entitled to place the advertisement. In consequence, the plaintiffs filed the present action against the defendants for passing off, conspiracy to pass-off, conspiracy to injure the trade of the plaintiffs, malicious falsehood and slander of goods and infringement of trademark

under the Trade Marks Act 1976. By way of this action the plaintiffs sought an injunction to restrain the defendants from, inter alia, producing or selling their product; an injunction to restrain the defendants from using the two kanji characters written in Chinese for their product; a declaration that the defendants indemnify the plaintiffs for all expenses incurred by the latter in protecting its proprietary rights in the 'Lady Gold' trademark; special damages; general damages and costs. In their defence the defendants submitted that there was no similarity between their product and the plaintiffs in terms of packaging, design, colour and name and as such no confusion or deception was created. Further, the defendants also submitted that there was no act or conspiracy to passing off and that the plaintiff had failed to prove the establishment of goodwill and reputation of their product at all material times.

Held, dismissing the plaintiffs' application with costs:

(1) Upon examining the plaintiffs' and defendants' product it was found that the two products did not look similar. The defendants' product carried a very colourful symbol of the two kanji characters and looked livelier than the three kanji characters of the plaintiffs' product. The colour of the packaging of the plaintiffs' product was also entirely different from the defendants' product. The wording related to the ingredients and other writings on the box of the plaintiffs' product were totally different from the defendants' product. Based on these and many other differences it was clear that the plaintiffs had failed to prove that the defendants' had used a similar get-up (see para 61(a)).

(2) The increased literacy level of the Chinese community in Malaysia at the age group of purchasing gynecological products such as those offered by the plaintiffs and defendants, was sufficient for them to identify and distinguish the plaintiffs' and defendants' product. As such there was no basis for the plaintiffs' complaint of passing off or cause of action for malicious falsehood and slander of goods or infringement of trademark by relying on old common law cases on passing off to initiate proceedings (see para 61(b)).

(3) The plaintiffs had the legal burden to show that they had acquired goodwill for their product. However, the plaintiffs had only adduced evidence of two years of sales which was a similar period during which the defendants had also promoted their product. As such the plaintiffs were unable to establish the elements of goodwill according to law to succeed in a passing off action (see para 61(c)).

(4) The plaintiffs' contention that the protection sought was not in relation to the brand name in English but the kanji characters of the same name

was totally erroneous and departed from the pleadings and evidence. In addition, the plaintiffs in this case had voluntarily courted trouble by using the name 'imperial courtesan' for their product when it could be argued that the name was generic (see para 61(d)).

(5) The cases relied upon by the plaintiffs although good law had no relevance to the facts of this case (see para 61(e)).

[Bahasa Malaysia summary

Plaintif pertama merupakan pengilang produk dikenali sebagai 'Lady Gold' yang menawarkan khasiat-khasiat ginekologi. Ciri-ciri yang membezakan produk ialah atur kedudukan tiga huruf kanji ditulis dalam bahasa Cina yang ditafsirkan sebagai 'golden imperial courtesan' dengan lukisan gadis timur dalam pakaian tradisional di bawahnya. Plaintif-plaintif mengadu bahawa defendan-defendan telah menjual produk menawarkan khasiat-khasiat ginekologi yang mempunyai jenama yang sama seperti produk plaintif-plaintif. Menurut plaintif-plaintif, produk defendan-defendan mempunyai dua huruf kanji ditulis dalam bahasa Cina yang sama dengan produk defendan dan ditafsirkan sebagai 'imperial courtesan' dengan gambar seorang gadis timur dalam pakaian tradisional di bawahnya. Oleh itu plaintif-plaintif mengadu bahawa defendan-defendan telah memasarkan produk mereka menggunakan cara gaya yang sama seperti plaintif-plaintif dan ini merupakan kelirupaan. Walaupun produk defendan-defendan sudah berada di pasaran sebelum produk plaintif dilancarkan, plaintif-plaintif menghujah bahawa defendan-defendan selepas itu memasarkan produk mereka menggunakan cara gaya yang sama seperti plaintif-plaintif. Plaintif-plaintif kemudiannya mengeluarkan beberapa notis kepada defendan meminta defendan menghentikan produk defendan-defendan yang mempunyai tanda yang sama dan mengelirukan. Walau bagaimanapun, defendan-defendan tidak mengendahkan notis-notis tersebut dan mengiklankan dalam Sin Chew Jit Poh, di mana mengikut pandangan plaintif-plaintif, mengandungi tohmahan bahawa produk plaintif-plaintif adalah palsu manakala produk defendan-defendan adalah asli dan tulen. Defendan-defendan menafikan bahawa produk mereka sama dengan produk plaintif-plaintif dan mendakwa bahawa mereka berhak membuat iklan tersebut. Akibatnya, plaintif-plaintif memfailkan tindakan terhadap defendan-defendan kerana kelirupaan, konspirasi untuk kelirupaan, konspirasi untuk merosakkan dagangan plaintif-plaintif, kepalsuan niat jahat dan slander barang-barang dan pelanggaran cap dagangan di bawah Akta Cap Dagangan 1976. Melalui tindakan ini plaintif-plaintif menuntut injunksi untuk menghalang defendan-defendan daripada menghasilkan atau menjual produk mereka; injunksi untuk menghalang defendan-defendan daripada menggunakan dua huruf kanji yang ditulis dalam bahasa Cina untuk produk mereka; deklarasi bahawa defendan-defendan menanggung rugi

plaintif-plaintif untuk kesemua perbelanjaan yang ditanggung oleh plaintif-plaintif untuk melindungi hak-hak keempunyaannya dalam cap dagangan 'Lady Gold'; ganti rugi khas; ganti rugi am dan kos. Dalam pembelaannya, defendan-defendan menghujah bahawa tidak terdapat apa-apa persamaan di antara produk mereka dengan plaintif-plaintif berhubung dengan pembungkusan, reka bentuk, warna dan nama dan oleh itu tidak terdapat kekeliruan atau penipuan. Selanjutnya, defendan-defendan juga menghujah bahawa tidak terdapat tindakan atau konspirasi untuk kelirupaan dan bahawa plaintif-plaintif gagal untuk membuktikan nama baik dan reputasi produk mereka pada masa matan.

Diputuskan, menolak permohonan plaintif-plaintif dengan kos:

(1) Setelah memeriksa produk plaintif-plaintif dan defendan-defendan, didapati bahawa kedua-dua produk tidak serupa. Produk-produk defendan mempunyai simbol dua huruf kanji berwarna-warni dan kelihatan lebih menarik berbanding tiga huruf kanji di produk plaintif-plaintif. Warna pembungkusan produk-produk plaintif juga berbeza dengan produk defendan-defendan. Perkataan mengenai bahan-bahan dan tulisan lainnya di kotak produk plaintif-plaintif berbeza sama sekali dengan produk defendan-defendan. Berdasarkan ini dan perbezaan lain, jelas bahawa plaintif-plaintif gagal untuk membuktikan bahawa defendan-defendan menggunakan cara gaya yang sama (lihat perenggan 61(a)).

(2) Peningkatan tahap celik huruf komuniti Cina di Malaysia pada usia kumpulan yang membeli produk-produk ginekologi seperti yang ditawarkan oleh plaintif-plaintif dan defendan-defendan mencukupi untuk mereka mengenalpasti dan membezakan produk plaintif-plaintif dan defendan-defendan. Oleh itu tidak terdapat asas untuk aduan plaintif-plaintif mengenai kelirupaan atau kausa tindakan untuk kepalsuan niat jahat dan slander barang-barang atau pelanggaran cap dagangan dengan bergantung kepada kes-kes common law mengenai kelirupaan untuk memulakan prosiding-prosiding (lihat perenggan 61(b)).

(3) Plaintif-plaintif mempunyai beban dari segi undang-undang untuk menunjukkan bahawa mereka memiliki nama baik untuk produk mereka. Walau bagaimanapun, plaintif-plaintif hanya mengemukakan keterangan dua tahun jualan yang merupakan tempoh yang sama di mana defendan-defendan juga memasarkan produk mereka. Oleh itu plaintif-plaintif tidak dapat membuktikan elemen-elemen nama baik menurut undang-undang untuk berjaya dalam tindakan kelirupaan (lihat perenggan 61(c)).

(4) Hujahan plaintif-plaintif bahawa perlindungan yang dipohon tidak berkaitan dengan nama jenama dalam bahasa Inggeris tetapi huruf-huruf kanji yang sama adalah salah sama sekali dan menyimpang daripada pliding-pliding dan keterangan. Tambahan pula, plaintif-plaintif dalam kes ini secara sengaja menimbulkan masalah dengan menggunakan nama 'imperial courtesan' untuk produk mereka apabila boleh dihujahkan bahawa nama tersebut adalah umum (lihat perenggan 61(d)).

(5) Kes-kes yang diguna pakai oleh plaintif-plaintif meskipun baik dari segi undang-undang tetapi tidak relevan dengan fakta-fakta kes ini (lihat perenggan 61(e)).]

Notes

For cases on application for injunction, see 12 *Mallal's Digest* (4th Ed, 2005 Reissue) paras 1927–2216.

Cases referred to

Aristoc Ltd v Rysta Ltd & Anor (1945) 62 RPC 65, HL (folld)

Asian Organization Ltd v White Hudson & Co Ltd [1962] MLJ 139, CA (refd)

Bollinger SA v Costa Brava Wine Co Ltd [1961] RPC 116, Ch D (refd)

Cadbury Schweppes Pty Ltd & Ors v Pub Squash Co Pty Ltd [1981] RPC 429, PC (not folld)

Clairol Incorporated v Too Dit Co [1980] 2 MLJ 112, HC (refd)

Compagnie Generale Des Eaux v Compagnie Generale Des Eaux Sdn Bhd [1993] 1 MLJ 55; [1996] 3 AMR 4015, HC (refd)

Consitex SA v TCL Marketing Sdn Bhd [2008] 3 MLJ 574; [2008] 8 CLJ 44, HC (folld)

Consorzio del Prosciutto di Parma v Marks & Spencer Plc & Ors [1991] RPC 351, CA (refd)

Electro Cad Australia Pty Ltd & Ors v Mejati RCS Sdn Bhd & Ors [1998] 3 MLJ 422, HC (not folld)

Erven Warnink BV & Ors v J Townend & Sons (Hull) Ltd & Ors [1980] RPC 31, HL (folld)

HP Bulmer Ltd and Showerings Ltd v J Bollinger SA and Champagne Lanson Pere Et Fils [1978] RPC 79, SC (refd)

Hu Kim Ai (trading as Geneve Timepiece) & Anor v Liew Yew Thoong (trading as Crystal Hour) [2004] 7 MLJ 590; [2005] 6 AMR 363, HC (refd)

JS Steadtler & Anor v Lee & Sons Enterprise Sdn Bhd [1993] 1 AMR 365, HC (refd)

Lee Kar Choo v Lee Lian Choon [1967] 1 MLJ 129, PC (refd)

Legal and General Assurance Society Ltd v Daniel & Ors [1968] RPC 253, HC (refd)

Lloyd's v Lloyd's (Southampton) Ltd (1912) 29 RPC 422 (not folld)

McCurry Restaurant (KL) Sdn Bhd v McDonalds Corp [2009] 3 MLJ 774, CA (not folld)
Pianotist Co's Application, Re (1906) 23 RPC 774, HC (refd)
Reckitt & Colman Products Ltd v Borden Inc & Ors [1990] 1 WLR 491, HL (refd)
Seet Chuan Seng & Anor v Tee Yih Jia Food Manufacturing Pte Ltd [1994] 2 MLJ 770; [1994] 2 SCR 191, SC (folld)
Singer Manufacturing Co v Loog (1880) 18 Ch D 395, CA (refd)
Star Industrial Co Ltd v Yap Kwee Kor [1976] 2 FSR 256, PC (refd)
Tee Yih Jia Food Manufacturing Pte Ltd v Seet Chuan Seng & Anor [1993] 2 CLJ 355, HC (refd)
TG Balaji Chettiar v Hindustan Lever Ltd AIR 1967 MAD 148 (refd)
White Hudson & Co v Asian Organization Ltd [1965] 1 MLJ 186, PC (refd)
White v Mellin (1895) AC 154, HL (refd)
Yomeishu Seizo Co Ltd & Ors v Sinma Medical Products (M) Sdn Bhd [1996] 2 MLJ 334; [1996] 3 AMR 3058, HC (not folld)

Legislation referred to

Control of Drugs and Cosmetic Regulations 1984
Defamation Act 1957 s 6
Evidence Act 1950 s 114(g)
Rules of the High Court 1980 O 15
Sales of Drugs Act 1952
Trade Marks Act 1976 ss 10, 11, 18, 30, 35, 38, 40, 45
Trade Marks Regulations 1997

Micheal Chang (Gregory Chan, Tam, Moo & Ang) for the plaintiffs.
Richard Tee (Grace Cwan & Jason Kong with him) (Richard Tee & Co) for the defendants.

Hamid Sultan JC:

[1] This is my judgment in respect of the plaintiffs claim against the defendants for passing off, conspiracy to pass-off, conspiracy to injure the trade of the plaintiffs, malicious falsehood and slander of goods and infringement of trademark under the Trade Marks Act 1976 ('TMA 1976'). The plaintiffs' prayers, inter alia, are as follows: (i) an injunction to restrain the first to fifth defendants from making, producing, offering, promoting, advertising whether singularly, jointly or any combination thereof of the offending product; (ii) an injunction to restrain the first to fifth defendants from using the Chinese character of '金妃' for the products produced hereafter; (iii) a declaration that the first to fifth defendants do indemnify the plaintiffs for all expenses incurred in protecting its proprietary rights in regard to the 'Lady Gold' or trademark '金贵妃'; (iv) special damages of RM3,079,655.73 as at 28 February 2002; (v) general damages; and (vi) costs.

[2] It is important to note in this case that the plaintiffs' trademark was not registered at the commencement of the writ action. And the defendants' product was already in the market before the plaintiffs' product was launched in 1999.

BRIEF FACTS

[3] The first plaintiff manufactured a product known as 'Lady Gold' registered under the Control of Drugs and Cosmetic Regulations 1984 ('CDR 1984') pursuant to Sales of Drugs Act 1952 with three kanji characters written in Chinese, the subject matter of the dispute. The product offers gynecological benefits. The product of the defendant which was registered under CDR 1984 earlier than the plaintiffs was known as Pik Yuk Chu capsules 400mg ('PYC') which also offers gynecological benefits. The plaintiffs' main complaint is that the defendants subsequently had marketed its product using similar get-up etc of the plaintiffs', and had issued several notices through their solicitors to withdraw from circulation, two of the three kanji characters written in Chinese or from using a confusingly similar mark. Subsequent to the letters, the defendants through their solicitors denied that the defendants' product bore any resemblance to the plaintiffs' product and also claimed that they are perfectly entitled to take out the advertisement. In consequence, the plaintiffs had filed the action. The said plaintiffs' letter which is dated 17 July 2001, inter alia, reads as follows:

> Passing off, Malicious Falsehood and Slander to Goods of 'Lady Gold' (金贵妃)
>
> We act for Fasa Bebas Sdn Bhd and Fasa Bebas Pharmaceutical Marketing Sdn Bhd, both at Wisma Tan Kim San, Suite 02–01, 2nd Floor, No 518A, Bt 3, Jalan Ipoh, 51200 Kuala Lumpur. The former is the originator of a gynaecologically beneficient product derived from herbal extracts and also a holder of an exclusive right certified and endorsed by the Controller of Drugs and Cosmetics, under the Ministry of Health to produce and supply a product branded compendiously in English language as 'Lady Gold' (金贵妃), hereinafter referred to as 'the said product'. The latter is the marketing and distribution arm of the said product.
>
> Our clients have through extensive use and promotion of its 'Lady Gold' (金贵妃) brand or mark throughout Malaysia jointly established themselves as the rightful and lawful proprietor, supplier and distributor of the 'Lady Gold' (金贵妃) brand or the mark. As a consequence, our client has acquired substantial goodwill and reputation in Malaysia in the 'Lady Gold' (金贵妃) brand or mark. In fact, our clients' previous solicitors, Messrs Lee Leow & Neoh had vide letter dated 17th July, 2001 even informed you that our clients had applied to registered the brand or mark of 'Lady Gold' (金贵妃) as a trademark. The distinguishing features of our clients; product is the deployment of three kanji characters written in Chinese read as ' 金贵妃 ', set against a get-up of an embellished background with a drawing of a young oriental lady in traditional attire below it. Of the three kanji characters, the first of which is translated as

'Golden', and the last two taken together translate as 'Imperial Concubine or Courtesan'. Hence, the three, taken together, translate as 'Golden Imperial Courtesan'.

The said product is sold in capsule contained in a white bottle, which is encased in a cardboard box. Our clients' mark or brand appears both on the cardboard box and the bottle. It has come to our client's attention that your clients have been offering for sale, supplying, making available and/or selling such product bearing similar branding as our clients, in that, two kanji characters are deployed which are identical with the last two characters of our clients', namely, 金妃 or 'Imperial Courtesan' against the backdrop of a similar get-up, namely an embellished background with a picture of a young oriental lady in traditional attire under it. Similarly, your clients' product is said to offer the same or similar gynecological benefits as our clients. Similarly, your clients' product is sold in capsule form contained in a white bottle, encased in a cardboard box bearing your clients' infringing mark or brand on both. Furthermore your clients have printed a further three kanji characters translated as 'next generation' above the words 金妃 or 'Kwai Fay', thereby misrepresenting that your clients' product was Mach II or Version II of the said product, and hence, of an improved, enhanced or superior quality. This constitutes passing off for which our client's previous solicitors had vide letter dated 17th July, 2001 requested that you advise your clients to cease dealing in.

However, your clients had vide an advertisement in the Sin Chew Jit Poh dated 17.07.2001 (hereinafter referred to as 'the said advertisement') falsely and maliciously caused to be published a so-called warning to consumers to be wary of counterfeit goods and that your clients will not be responsible if they buy such product from unauthorised dealers, the full text of which is hereby translated and reproduced in the Malay language as follows:

'AWASI BARANGAN TIRUAN'

Generasi Baru

KWAI FAY

Kapsul

Kapsul Kwai Fay diperbuat daripada herba ubat semula jadi yang bermutu tinggi yang diproses menggunakan teknologi yang sangat halus. Ia dapat memulihkan peredaran darah, awet muda, tiada unsur sejuk atau panas, penggunaan secara berterusan akan menjadikan badan sihat, cergas dan sentiasa awet muda.

Amaran kepada pengguna: Sesiapa yang membeli barangan daripada agen yang tidak disahkan, syarikat ini tidak akan bertanggungjawab bagi sebarang masalah-masalah yang timbul.

Tag laser mencegah barangan palsu.

Barangan kurniaan bertuah wanita

Syarikat akan mengambil tindakan undang-undang terhadap pekedai-pekedai yang menjual barangan tersebut tanpa sijil kebenaran.

Boleh didapati di farmasi-farmasi dan kedai ubat cina

Tel: 019-2156220/016-2862919/012-2611206/012-2373952

The said advertisement contains within it an imputation that the said product is bogus and counterfeit whilst your clients' product is genuine and authentic. Taken together with the branding displayed by your client's of it products, your clients falsely and maliciously disparaged the products of our clients, that the said product were paddled illegally and were of a lesser and inferior quality to your clients. The circulation by your clients of the products of a similar brand would create, and indeed has created confusion in the Malaysian market, and consequently, there is a real and serious likelihood that such acts will cause substantial damage and dilution to our clients' goodwill and reputation.

TAKE NOTICE that we are instructed to *DEMAND* from your clients, which we hereby do, to withdraw from circulation all similar branded products with immediate effect. Kindly complete the enclosed undertaking to the same effect wherein your clients are to indemnify our clients for all damages in the event such similar branded products are still in circulation. *TAKE NOTICE* that in the event we do not receive the said undertaking from your clients within a week of this letter, we shall take all appropriate action to protect our clients rights, including but not limited to, commencing an action against your clients for passing off, malicious falsehood and/or slander to goods, and make your clients liable for costs thereafter.

[4] The defendants as a preliminary issue say that (i) the plaintiffs' cause of action is baseless as there was no declaration of infringement and/or passing off prayed by the plaintiffs; (ii) there is misjoinder of causes of action between passing off, injury to the trade of plaintiffs' malicious falsehood and slander of goods and infringement of trademark, with no alternative claim in breach of O 15 of the RHC 1980.

[5] In addition, the defendants say that: (i) prayer 42(a) and (b) of the plaintiffs are redundant as both the plaintiffs' and defendants' products are no longer in the market and in consequence the injunction sought is academic; (ii) special damages prayed under 42(c) and (d) are not liquidated and specifically pleaded; (iii) general damages under prayer 42(e) are not applicable as no declaration of infringement is prayed for by the plaintiffs; (iv) plaintiffs have failed to prove any losses (if any) directly or indirectly caused by the defendants' products.

[6] In essence, the defendants say: (i) no act and/or conspiracy to passing off; (ii) no similarity between the packaging and products of the plaintiffs and defendants; (iii) no similarity in terms of design, colour and name; (iv) no confusion and deception created; (v) the plaintiffs failed to prove the establishment of goodwill and reputation of the products at all times and

even after the trial, etc.

PRELIMINARIES

[7] One witness gave evidence for the plaintiffs and one for the defendants. It must be asserted here that the registration of 'Lady Gold' with the three kanji characters with the drug authority is not a trademark or trademark registration. It was done only for the purpose of identification of the ingredient of the product which the registering party wants to sell and to show that it has the approval of the drug authorities pursuant to the law. 'Lady Gold' and the first kanji character referring to as 'gold' or 'golden' is generic and in consequence the plaintiffs did not register it for the purpose of trademark. However, the second and third kanji characters which have a meaning of 'highest-ranking imperial concubine or courtesan' wherein the transliteration is known as 'Gui Fei' in Mandarin and 'Kwai Fei' in Cantonese, the defendants say, is also generic and ought not to have been registered.

GENERAL JURISPRUDENCE RELATING TO THIS CASE

(See *Narayan on Intellectual Property – 2009;Wikipedia*)

Passing off

[8] The object of the law relating to passing off is to protect the goodwill and reputation of the business from infringement by dishonest competitors (see *Consorzio del Prosciutto di Parma v Marks & Spencer Plc & Ors* [1991] RPC 351).

[9] This principle has also been applied to non-trading activities, inclusive of any kind of services. The contemporary statement of law is set out by Lord Oliver in *Reckitt & Colman Products Ltd v Borden Inc & Ors* [1990] 1 WLR 491 as follows:

> More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognise by the public as distinctive specifically of the plaintiff's goods and none other. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the claimant ... Thirdly, he must demonstrate that he suffers or, in a qua timet action, that he is likely to suffer, damage by reason of the erroneous belief engendered by the

defendant's misrepresentation that the source of the defendant's goods or services is the same as those offered by the plaintiff. (Emphases added.)

[10] It is trite the action may protect goodwill attached to a trademark, get-up, service mark or business name. If the claimant is also the owner of the registered trademark a claim for infringement will generally be available and the two claims can be pleaded in the same action.

[11] In *Clairol Incorporated v Too Dit Co* [1980] 2 MLJ 112 JS Sinnathuray J stated that the law relating to passing off is simple to state but often difficult to apply. The court on the facts made the following observations.

The plaintiff's action is not for infringement of trademark. It was not appreciated by counsel for the defendant that a passing off action, an action in common law, is altogether different from the former. The law relating to passing off is simple to state but often difficult to apply. What it is and why it can be difficult was explained by Wee Chong Jin J (as he then was) in his dissenting judgment in *Asian Organisation Ltd v White Hudson & Co* [1962] MLJ 139 at pp 140–141 which was approved by the Privy Council in *White Hudson & Co v Asian Organisation Ltd* [1965] 1 MLJ 186 at p 189. The learned judge said:

The fundamental and indeed the only principle of law involved in such an action is this, that nobody has any right to represent his goods as the goods of somebody else. From this cardinal principle it has been laid down that for a plaintiff in a passing off action to succeed he must establish first, that the particular get-up which he has been using has become associated exclusively with his goods, ie he must establish reputation and secondly, that the defendant's get-up is such as is likely to deceive or cause confusion. Therefore, whether a defendant has violated this principle or not is a question purely of fact.

[12] The test as to whether the defendants' product is likely to deceive or cause confusion is found in the case of *Re Pianotist Co's Application* (1906) 23 RPC 774, where Parker J stated as follows:

You must take the two words. You must judge them, both by their look and by their sound. You must consider the goods to which they are to be applied … In fact, you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of the trademarks is used in the normal way as a trademark for the goods of the respective owners of the mark.

[13] In *Consitex SA v TCL Marketing Sdn Bhd* [2008] 3 MLJ 574; [2008] 8 CLJ 44, the court observed as follows:

The test as laid down by Parker J in *Re Pianotist Co Application* has been adopted by our Supreme Court in *Tohtonku Sdn Bhd v Superace (M) Sdn Bhd* [1992] 2 CLJ 1153; [1992] 1 CLJ (Rep) 344 and *Elba Group Sdn Bhd v Pendaftar Cap Dagangan dan Paten Malaysia & Anor* [1998] 4 CLJ Supp 24.

Subsequent case law has developed further tests and principles which are widely accepted and applied and which may be summarised as follows:

(a) the idea conveyed by both trademarks must be compared;

(b) the marks as a whole must be compared;

(c) the 1st syllable of the trademarks is of importance;

(d) the ear as well as the eye must be considered;

(e) the imperfect recollection of customers/potential customers must be considered; and

(f) the essential features of the trademarks must also be compared.

(See: *Kerly's Law of Trademarks and Trade Names* at pp 609, 611, 612; *Trademark Law & Practice in Malaysia* by Teo Bong Kwang at p 244)

The High Court in *Tohtonku* case [1989] 2 CLJ (Rep) at p 575 held:

> ... there is no close similarity between the two words 'MISTER' and 'SISTER' as to be likely to cause deception or confusion. The words are different. There is similarity in the second syllable but as a whole the similarity is not close enough as to be likely to cause deception or confusion.

The above High Court decision in *Tohtonku* case was confirmed by the Supreme Court as reported in [1992] 2 CLJ 1153; [1992] 1 CLJ (Rep) 344. Based on the decision, it is clear that mere similarity phonetically in one of two words marks is not sufficient to make a case of infringement of trademark.

[14] On the facts the court held, inter alia, that:

> The court found that the defendant had not infringed the plaintiff's trademark as the trademarks were not identical or nearly resembled each other, as the trademarks differed visually and aurally to a great extent and there was no likelihood or confusion or deception in the course of trade in relation to the products concerned.

[15] The law of passing off as it stands is rooted from the common law and is a well defined tort. The tort essentially consists of some sort of invasion of the plaintiff's goodwill. In *Singer Manufacturing Co v Loog* (1881) 18 Ch D 395 at p 412 it was asserted that no man is entitled to represent his goods as being the goods of another man, and no man is permitted to use any mark, sign or symbol, device, or other means, whereby, without making a direct

false representation himself to a purchaser who purchases from him, he enables such purchaser to tell a lie or to make a false representation to somebody else who is the ultimate customer.

[16] It is now well established that there are five characteristics which must be present in order to create a valid cause of action for passing off.

[17] The leading case in point is that of *Erven Warnink BV & Ors v J Townend & Sons (Hull) Ltd & Ors* [1980] RPC 31 where Lord Diplock stated the characteristics as follows: (i) misrepresentation; (ii) made by a person in the course of trade; (iii) to prospective customers of his or ultimate customers of goods or services supplied by him; (iv) which is calculated to inure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence); and (v) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a quia timet action) will probably do so.

[18] The ingredients of passing off stated in *Erven Warnink* was adopted by the Supreme Court in *Seet Chuan Seng & Anor v Tee Yih Jia Food Manufacturing Pte Ltd* [1994] 2 MLJ 770; [1994] 2 SCR 191. The issues there were related to trademarks, passing off, similar trade namely, get up and logo, goods in direct competition with each other, distinctiveness and likelihood of deception. And whether damage to goodwill can be inferred and on the facts whether passing off has been established. In that case the first appellant and one Goi of the respondent launched a popiah skin business in Singapore, under the name of Tee Yih Jia Po Piah Dried Pastry Factory (Pte) Ltd. Differences arose between Goi and the first appellant and the first appellant sold his interest to Goi. The contract provided as follows:

> There shall be no restraint of trade or restraint of competition whatsoever imposed upon the vendor by virtue of the sale and purchase herein and the parties herein expressly agree that the Vendor is at absolute liberty to engage, trade or be interested in any form of business whatsoever whether touching on the manufacturing or dealing of Po Piah Dried Pastry or otherwise.

[19] Having sold his interest the first appellant then established the second respondent in Malaysia, under the trade name Tee Yih Jia Popiah Dried Pastry Factory (M) Sdn Bhd and used a logo similar to that used by the respondent. The respondent instituted the action in Malaysia to restrain the appellants from passing off its trade or business, and/or of the popiah skins. The High Court found, inter alia, that there was passing off by the appellants by the use of (a) the trade name Tee Yih Jia; (b) the package get-up was identical to or closely resembled the respondent's package get-up; and (c) the swastika logo which appeared at the bottom left-hand corner of the get-up.

The appellants then appealed to the Supreme Court. The Supreme Court by majority dismissed the appeal and opined that the above stated term in the contract could not be to mean that the parties had agreed that the first appellant would be permitted to commit the tort of passing off if he ran a similar business subsequent to the sale of his interest in the Singapore company. The dissenting judge observed:

> Clause 5 of the agreement dated 30 September 1980 therefore, was drawn up and agreed to by both parties to reflect their true intention. It is worded in plain and clear language. It contains no ambiguity or uncertainty. The court should not read this cl 5 something else which is not there. By interpreting cl 5 to mean that unfair competition is to be excluded, or only fair competition is to be allowed, the court is in fact, inserting new terms into the agreement. It is also not the function of the court to improve the contract which the parties have negotiated and made for themselves however desirable the improvement might be.

[20] In that case the contention of the parties was the trade name Tee Yih Jia which when translated from Chinese means 'the first house', 'the first one', 'first grade', 'foremost' or 'pioneer'. Both parties had given evidence in the High Court that each of them had decided on the name first and had designed the relevant logo similar to the swastika symbol or four square popiah skins placed together, and had done the relevant get-up.

[21] For the plaintiff in passing off action to succeed, he must establish first that the particular get-up which he has been using has become associated exclusively with his goods. Support for the proposition is found in a number of cases (see (i) *Asian Organization Ltd v White Hudson & Co Ltd* [1962] MLJ 139; (ii) *White Hudson & Co v Asian Organization Ltd* [1965] 1 MLJ 186).

[22] Passing off by misrepresentation may not succeed if the act only creates confusion not amounting to deception. Learned authors of *Bullen & Leake* (14th Ed) at p 1064 make the following observation:

> Thus it is not passing off if the defendant trades on the claimant's advertising without making a misrepresentation (*Cadbury Schweppes Pty Ltd & Ors v Pub Squash Co Pty Ltd* [1981] RPC 429). Nor is it passing off for the defendant to say (if it be the fact) that his goods are the same as those of the claimant (*Broad v Graham* [1969] RPC 285). However, if he falsely makes such a representation, and there is a clear difference between his goods and those of the claimant, the action will lie (*Combe v Scholl* [1980] RPC 1). Similarly passing off will lie where the defendant falsely represents that he is selling goods of the claimant of one quality when in fact he is selling goods of the claimant of another quality (*Spalding v Gamage* (1915) 32 RPC 273). It is not necessary that the misrepresentation be made intentionally; but if an intent by the defendant to deceive is proved, that will help the claimant considerably, for the court is apt to accept that the defendant has achieved what he intended (*Slazenger v Feltham* (1889) 6 RPC 531). It is passing

off to enable passing off by others, as for instance, where the defendant's customers are retailers who will not be deceived (because they know from whom they are buying) but the ultimate consumers will be deceived (*Reddaway v Banham* [1896] AC 199). Thus injunctions are often framed so as to prevent the defendant from passing off or causing, enabling or assisting others to pass off. In this class of case the tort is complete when the goods are sold to the middlemen (*My Kinda Town v Soll* [1983] RPC 15).

It was once thought necessary that there be a 'common field of activity' between the claimant and defendant, but this is not so. However where the fields of activity are very different it may be more difficult to prove a misrepresentation (*Annabel's v Schock* [1972] RPC 858) or damage (*Stringfellow v McCain* [1984] RPC 501).

[23] In *Consitex SA*, the court asserted on the facts of the case that a survey report was necessary to prove confusion in the market place by the plaintiffs prior to the filing of their writ summons. Ramly Ali J (as he then was) held, inter alia, as follows:

The plaintiff had not adduced any actual evidence of confusion in the market place. The market survey results taken just five months before the trial of the action were highly prejudicial and was a bias compilation of hearsay evidence that could not be relied upon. The market survey report was not conclusive on the issue of deception and confusion.

[24] In *Lee Kar Choo v Lee Lian Choon* [1967] 1 MLJ 129 the Privy Council observed that one of the indicators of confusion is the fact that traders mistakenly bought the defendants' products thinking that they are the plaintiffs'.

[25] The remedies in passing off action include an injunction, damages or an account of profits and delivery-up of the offending article for erasure or destruction. Strict compliance to the rules of pleading in this area of tort is essential to succeed. In addition, the plaintiff in a passing off action need not be the exclusive owner of the goodwill (see *HP Bulmer Ltd and Showerings Ltd v J Bollinger SA and Champagne Lanson Pere Et Fils* [1978] RPC 79; *Bollinger SA v Costa Brava Wine Co Ltd* [1961] RPC 116).

Trademarks

[26] A trademark is a distinctive sign or indicator used by an individual, business organisation, or other legal entity to identify that the products or services to consumers with which the trademark appears, originate from a unique source, and to distinguish its products or services from those of other entities.

[27] When one selects a name for its brand or trademark they must be careful not to invite trouble from other traders who are already well established. In *Lloyd's v Lloyd's (Southampton) Ltd* (1912) 29 RPC 422, Cozens Hardy MR at p 438 observed:

> This is a very plain case. Lloyd's is one of the oldest bodies in the City of London and goes back, according to the evidence, nearly 200 years. Lloyd's have agents in every considerable port in the world. Dawson Bros, their co-plaintiffs, are their agents at Southampton and are known as Lloyd's agents, Southampton. They are also ship brokers. The defendant corporation was started by a Mr Smith and a Mr Constant.

[28] And Buckley LJ at p 439 observed:

> The defendants say, and with reason, that a plaintiff coming to this court must prove his case. I entirely agree, but when you have facts such as stare one in the face in this case, it does not require very much evidence to assist one to arrive at the proper conclusion. The evidence which has been filed is, I think, amply sufficient to enable the court to say that there is, in the use of this name, a fraudulent and improper purpose, namely, that these defendants, who are not, shall pose as being, Lloyd's of Southampton, putting 'Limited' at the end of their name.

(See *Compagnie Generale Des Eaux v Compagnie Generale Des Eaux Sdn Bhd* [1993] 1 MLJ 55; [1996] 3 AMR 4015).

[29] The learned authors of *Kerly's Law of Trademarks and Trade Names*, (12th Ed) says:

> It is an actionable wrong for the defendant to represent, for trading purpose, that his goods are those or that his business is that of the plaintiff, and it makes no difference whether the representation is effected by direct statement, or by using some of the badges by which the goods of the plaintiff are known to be his, or any badges colourably resembling these, in connection with goods of the same kind, not being the goods to be taken by ordinary purchasers for the goods of the plaintiff.

[30] At the same page the learned authors quote the case of *Cadbury Schweppes Pty Ltd & Ors v Pub Squash Co Pty Ltd* [1981] RPC 429 at p 490 (PC, NSW) where it was stated:

> … the tort is no longer anchored as in its early nineteenth century formulation, to the name or trademark of a product or business. It is wide enough to encompass other descriptive material, such as slogan or visual images, which radio, television or newspaper advertising campaigns can lead the market to associate with the plaintiff product, provided always that such descriptive material become part of the goodwill of the product. And the test is whether the product has derived from advertising a distinctive character which the market recognise.

[31] In *McCurry Restaurant (KL) Sdn Bhd v McDonalds Corp* [2009] 3 MLJ 774 among the issues debated were whether (i) the plaintiff had monopoly in use of the prefix 'Mc' on signage or in conduct of its business and (ii) the defendants had sought to obtain unfair advantage from using the prefix 'Mc'. Gopal Sri Ram JCA (as he then was) held:

> First, you have to look at the plaintiff's mark or get-up or logo—call it what you will — as a whole and not merely one element in it. The plaintiff's get-up consists of a distinctive golden arched 'M' with the words McDonalds against a red background. The defendants' signboard carried the words 'Restoran McCurry' with the lettering in white and grey on a red background with a picture of a chicken giving a double thumb up and with the wording 'Malaysian Chicken Curry'. Thus, the defendant's presentation of its business style and get-up which is distinctively different from that of the plaintiff. Second, as I have already said, the item of food available at the plaintiff's outlets all carry the prefix 'Mc'. However, as evident from the defendant's menu card none of the food items served carries the prefix Mc. This is an important consideration. Third, it is beyond dispute that the type of food available at the plaintiff's outlets is very different from that served at the defendant's sole outlet … The learned trial judge in her judgment appears to have been influence by the decision of the hearing office in the United Kingdom trademark registry, in the matter of application No 1412458 … to register the mark McIndian. There, the hearing office found for McDonalds on the ground that marks all employing the prefix 'Mc'. However, what the learned trial judge in the present instance appears to have overlooked is the fact that McIndian not only sold Indian food, but also southern fried chicken, cheeseburger, french fries and shakes which are very items that McDonalds also sell … In my judgment the irresistible inference to be drawn from the totality of the evidence is that the defendant's signboard would not result in reasonable persons associating McCurry with the plaintiff's mark.

[32] Mark used to promote services are referred to as service marks. For example, different goods and services have been classified by the International (Nice) Classification of Goods and Services into 45 Trademark Classed (1 to 34 cover goods, and 35 to 45 services). The idea of this system is to specify and limit the extension of the intellectual property right by determining which goods or services are covered by the mark, and to unify classification systems around the world.

[33] The law considers trademarks as a type of intellectual property and the law gives exclusive rights and protection in respect of registered trademark or services, to prevent unauthorised use of the mark in relation to product or services which are identical or 'colourfully' similar to the 'registered' products or services and in certain cases to entirely dissimilar product or services. The test as it stands is whether a consumer of the goods or services will be confused as to the identity of the source or origin.

[34] Trademark rights are generally enforceable within the jurisdiction but there are also provisions for protection outside the jurisdiction.

[35] The law on registered trademark is encompassed in Trademarks Act 1976 ('TMA 1976') and Trademarks Regulations 1997 ('TMR 1997'). The Act does not define what a trademark is but says 'mark' includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral or any combination thereof. It is essential to note that the law of trademark is essentially based on distinctive similarities of marks as well a similarity of goods (see *McCurry Restaurant (KL) Sdn Bhd v McDonalds Corp* [2009] 3 MLJ 774). If a person is the owner of a registered trademark in a particular language another person cannot claim registration of the same word trademark in any other language using the equivalent in translation (see (i) *Yomeishu Seizo Co Ltd & Ors v Sinma Medical Products (M) Sdn Bhd* [1996] 2 MLJ 334; (ii) *TG Balaji Chettiar v Hindustan Lever Ltd* AIR 1967 MAD 148).

[36] At common law unregistered trademark is protected as long as it is in use and provided the owner of the mark takes immediate action against infringers by passing off action etc. Similarly a registered trademark can be protected as long as the owner desires so, provided it is renewed periodically, as provided by the relevant Act and immediate action is taken against infringers. If the infringement of the mark is not prevented, the mark may become generic words and in consequence may lose protection.

[37] Useful guidelines, particularly the essential feature concept, for the comparison of trademark in an infringement and passing off case were set out by the Supreme Court in *JS Steadtler & Anor v Lee & Sons Enterprise Sdn Bhd* [1993] 1 AMR 365. In that case, Mohamed Dzaiddin SCJ (as he then was) observed:

> in an action for infringement, the comparison was to be made between the mark as registered, taking into account any disclaimer, and the defendants' mark as it appeared in actual use. It is the marks themselves that must be compared (Saville Perfumer). If the registered mark is inherently likely to lead the public to rely on a particular feature or to ask for the goods by using the name of some device, that is the circumstances to be considered … in the instant case, in my opinion, the presence of the name 'Steadtler Noris' or 'Nikki' or '120–2B' on the pencil was not relevant, but what matters was the essential features of the competing marks. Hence, the comparison must be made of the essential features, which are the striking black and yellow colours. Identification of these features depended partly on the court's own judgment and partly on the burden of the evidence that was placed before the court (*de Cordova v Vick Chemical Co* (1951) 68 RPC 103 at 106). … thus following the above principles of law and after examining the two sets of pencils in P7, I found that, from their essential features, the defendants' 'Nikki' pencils closely resembled P2. A trademark is a visual device and it is a

well-established law that one way of ascertaining its essential features is by the ocular test (*de Cordova* at p 106). Here the plaintiff's witnesses, who were mostly drawn from the students of the local art academy and who were regular users of pencils, testified that they identified the plaintiff's pencils by the striking colour of black and yellow.

[38] The registration of trademark does not guarantee its validity. However, registration gives the owner exclusive right to the use of the trademark in relation to those goods or services subject to any conditions etc in the register (see s 35 of the TMA 1976). An aggrieved person can seek the assistance of the court to rectify the register to expunge or vary any entry in the register (see s 45 of the TMA 1976).

[39] What amounts to infringement of trademark is set out in s 38 and what acts do not constitute infringement is set out in s 40 of the TMA 1976. As a general rule trademark will be infringed if a person, in the course of trade, in relation to the same goods for which the mark is registered, uses without authority, the same mark or a deceptively similar mark. Section 30 of the TMA 1976 states:

30 Registration of Trademark

(1) When an application for registration of a trademark in Part A or Part B of the register had been accepted and either —

(a) ...

(b) ...

the registrar shall, unless the application has been accepted in error, register the trademark on payment of the prescribed fees in the name of the proprietor in Par A or Part B of the register, as the case may be, and the trademark so registered shall be registered as of the date of application for registration and that date shall be deemed for the purposes of this Act to be the date of registration.

[40] In respect of infringement s 38 of the TMA 1976 states:

38 Infringement of a trademark

(1) A registered trademark is infringed by a person who, not being the registered proprietor of the trademark or registered user of the trademark using by way of permitted use, uses a mark which identical which it or so nearly resembling it as is likely to cause confusion in the cause of trade in relation to goods or services in respect of which the trademark likely to be taken either —

(a) as being use as a trademark;

(b) in a case in which the use is use upon the goods or in physical relation thereto or in an advertising circular, or other advertisement, issued to public, as importing a reference to a person having the right either as registered proprietor or as registered user to use the trademark or to goods with which the person is connected in the course of trade; or

(c) in a case in which the use is use at or near the place where the services are available or performed or in an advertising circular or other advertisement issued to public, as importing a reference to a person having the right either as registered proprietor or as registered user to use the trademark or to goods with which the person is connected in the course of trade.

[41] In dealing with s 38, Zulkefli b Ahmad Makinudin J (as he then was) in *Hu Kim Ai (trading as Geneve Timepiece) & Anor v Liew Yew Thoong (trading as Crystal Hour)* [2004] 7 MLJ 590; [2005] 6 AMR 363 held on the facts, inter alia, as follows:

> In using the 'Five Stars Device' trademark, the defendant used a trademark, which was identical in every sense with the plaintiff's registered trademark with the exception of the word 'Blansacar'. The defendant copied the exact stylised design of the plaintiffs' trademark, the arrangement of the five stars and the position of the 'Five Stars Device'. The evidence adduced further shows that there was actual confusion caused by the defendant's offending watches as it so nearly resembles the plaintiffs' registered trademark and as both watches were also referred by the same Chinese characters 'Wu Xing Shang Jiang', it would be difficult for buyers who do not understand English to differentiate between the two watches. It was also not disputed that the plaintiff's registered trademark and the defendant's trademark were both applied to and used on watches. On the evidence, the defendant had therefore infringed the plaintiffs' registered trademark as the elements for infringement of trademark laid down in s 38 of the Act had been fulfilled.

[42] In *Yomeishu Seizo Co Ltd & Ors v Sinma Medical Products (M) Sdn Bhd* [1996] 2 MLJ 334; [1996] 3 AMR 3058 the issues among others was whether the words used were merely descriptive of or a distinctive mark of the plaintiff's product 'Yomeishu'. The defendant's product was the Chinese pronunciation of the combination including the Mandarin phonetic sound of the combination 'Yang Ming Jiu'. Whether the said combination of the three kanji characters pronounced 'Yomeishu' in Japanese and 'Yang Ming Jiu' in Mandarin is an essential feature of the first plaintiff's trademarks registered in Malaysia and used in relation to their wine. Whether the combination of the three kanji characters is an invented or coined word or whether it is descriptive of a class of medicinal wines into which both the plaintiffs' and defendants' products fall ie whether the use of the words 'Yang Ming Jiu' by

the defendants was an honest use of those words in selling their wine without any intention of making use of the goodwill which had been acquired by the plaintiffs. Justice VC George, inter alia, held as follows:

> The combination of the said three kanji characters is designed to be, and is effectively presented as, an essential feature of the first plaintiff's said trademarks and also of the get-up of the product, as is the Romanised word 'Yomeishu'.
>
> It is clear from the evidence that by 1981, the plaintiffs had built up among the local Chinese population, a reputation for their trademark and for their get-up as well as for the said tonic in the Chinese pronunciation of the combination including the Mandarin phonetic sound of the combination ie 'Yang Ming Jiu'.
>
> The report and evidence of the defendants' expert did not detract from the effect and the conclusions arrive at by the experts called by the plaintiffs that the combination 'Yang Ming' or 'Yomei' had been in use in the period 200 BC, and had eventually ceased to be in use, and as such was not included in literature or even in dictionaries except in four out of 100. It was used as a quotation from the 200 BC Chinese publication called Shinno; and that in the event Sokan Shiowaza (the person after whom 'Yomeishu' was named) decided to call his wine Yomeishu, he effectively coined or invented a new word, a proper noun.
>
> The evidence also supports the plaintiffs' contention that the words 'Yomei' or 'Yang Ming' are not at all used descriptively in the trade.
>
> On the totality of the evidence that was adduced on the issue of whether 'Yang Ming' or 'Yomei' in the combination 'Yang Ming Jiu' or 'Yomeishu' is merely descriptive, it is clear that 'Yang Ming' may have been used in a descriptive sense in the period when the Shinno was compiled some 200 years before the beginning of the Christian era, but that such usage fell into disuse and 'Yang Ming' became obsolete perhaps by about the third century, and before the 17th century. Therefore, its reusage in the 17th century, in relation to the Shiozawa wine, in effect was the coining of a new word a proper noun, the name of the wine.
>
> If a person is the owner of a registered trademark in a particular language, another person cannot claim registration of the same word trademark in any other language using the equivalent in translation.
>
> The name of the product in this case originated from Japan and the product is also Japanese. By choosing to refer to their product in the pronunciation of the combination of the characters in Mandarin years after the Japanese had first called and promoted their product, the defendants had taken advantage of the peculiarity of the Japanese and Chinese languages which uses the same pictograph system of writing.
>
> As a result of the peculiarity of the Japanese and Chinese languages, there cannot be any doubt that there could be confusion. The radio campaign conducted by the plaintiffs, whereby 110 people turned up with the plaintiffs' product, even though the combination of the three characters and the sound of it in the Chinese dialects in which the campaign was conducted, including the Mandarin 'Yang Ming Jiu' demonstrates that there was confusion. There was also evidence of the attempt to purchase a bottle of 'Chinese Yang Ming Chiu' where the shop assistant obviously

A regarded 'Chinese Yang Ming Chiu' as a synonym for Yomeishu and gave the purchaser a receipt for 'Yomeishu' although what had he had sold was a bottle of the defendant's product.

Even if 'Yang Ming Jiu' was merely descriptive of the character or quality of the wine sold both by the Japanese and the Chinese, for the defendant's defence under B s 40(1)(b) of the Act to succeed, the defendants have to prove that there was bona fide use of what is genuinely descriptive of the goods and used purely for the purposes of description.

Even if 'Yang Ming Chiu' is descriptive and cannot be a coined word, consideration of the bona fide aspect indicates that the use of the description was C not made in good faith by the defendants and therefore, the s 40(1)(b) defence was not available to the defendants.

The totality of the evidence shows that the defendants had a deliberately chosen the name of the plaintiffs' well known product 'Yomeishu' albeit camouflaged by having it called not 'Yomeishu' but in the Mandarin pronunciation of the D combination of the kanji characters. The defendants were guilty of an impudent attempt to pretend that their wine was that which it was not.

[43] The court adopted the House of Lords decision in *Aristoc Ltd v Rysta* E *Ltd & Anor* (1945) 62 RPC 65 in respect of the approach to be taken in respect of misrepresentation by taking advantage of confusion that could arise from phonetic sounds in the context of trademarks and passing off action, as follows:

F The answer to the question whether the sound of one word resembles too nearly the sound of another so as to bring the former within the limits of s 12 of the Trademarks Act 1938, must nearly always depend on first impression, for obviously a person who is familiar with both words will neither be deceived nor confused. It is the person who only knows the one word and has perhaps an imperfect recollection of it who is likely to be deceived or confused. Little assistance, G therefore, is to be obtained from a meticulous comparison of the two words, letter by letter and syllable by syllable, pronounced with the clarity to be expected from a teacher of elocution. The court must be careful to make allowance for imperfect recollection and the effect of careless pronunciation and speech on the part not only of the person seeking to buy under the trade description, but also of the shop H assistant ministering to that person's wants. And then he adds a little later: 'The tendency to slur a word beginning with 'a' is, generally speaking, very common, and the similarity between 'Ryata' and 'Rictoc' would, I think, be fairly obvious. It would not be surprising to learn that a person asking for 'Aristoc' stockings from a shop assistant who only knew of 'Aristoc' stockings had been supplies with the latter and vice versa'. He also said that he thought the plaintiffs caused their writ I to issue contending that the name taken by the defendant company was calculated to mislead the public into the belief that the business carried on by the money-lending defendant company was part of the business carried on by the plaintiffs. Mr Justice Romer refused the interlocutory injunction sought but the Court of Appeal allowed the appeal against this refusal.

[44] The learned author Narayan 2009 summarises the general defences in trademark cases as follows: (i) The plaintiff has no title to sue; (ii) Registration of the mark is not valid and is liable to be expunged; (iii) The use of the mark complained of is not an infringement of the registered trademark; (iv) In the case of part B registration, the sue complained is not likely to deceive or cause confusion; (v) The defendant has a statutory right to use the mark by virtue of concurrent registration; (vi) The defendant's use is prior to the registration and use of the plaintiff; (vii) The defendant has a right to use by virtue of honest concurrent use; (viii) The defendant is using the mark bona fide for descriptive purposes or he is bona fide using his own name or that of his place of business, or the name or the name of the place of business of his predecessors in business. This does not apply to use of the name as a trademark;(ix) The plaintiff's mark has become the common name of the goods or has become common to the trade; and (x) The plaintiff is debarred from suing or claiming the reliefs sought by his won conduct, for example, the plaintiff's trade is fraudulent, or his trademark is deceptive, or he is guilty of estoppels, acquiescence, laches or abandonment of the mark.

Slander of Title or Goods

[45] The owner of trademark may have a cause of action at common law for injurious falsehood against his goods whereby it has caused damage. Slander of title refers to a false and malicious statement about a person's property or his business etc. For example, warning others that some one's trademark is an infringement of his goods, and/or trademark.

[46] It is for the plaintiff to prove the falsehood or untruth of the statement while in the case of defamatory statement the law presumes it to be false until the contrary is proved. As a general rule a person is entitled to 'puff' his own goods, by saying that his goods are the best in the market or even that they are superior to the plaintiff's. However, that does not mean that the defendant can make any untrue statement of a fact about the plaintiff's goods. In *White v Mellin* [1895] AC 154, the defendant, a chemist, was held not liable for a statement contained in wrappers affixed by him to the plaintiff's bottles of Mellin's food, which the defendant sold in his premises, that the public were recommended to by the defendant's (Dr Vance's) food for infants and invalids and that 'it was more healthful and nutritious than any preparation yet offered'. However, if the defendant makes any untrue statement of fact about the plaintiff's goods, it is another matter.

[47] The tort of defamation relating to goods or business comes under the category of an action for trade libel. If the statements made about a man's goods or business (a) is untrue and made maliciously (b) if they are intended to produce or are reasonably likely to produce damage, and (c) if in the

ordinary course of things, they do produce it will be an actionable wrong. Trade libel can be initiated for any type of property inclusive of trademark, patent design etc.

[48] An action for slander of title or injurious falsehood can be maintained only if the plaintiff proves; (a) that the statements or representation complained of were false or untrue; (b) they were made maliciously; and (c) has suffered special damages. Thus, there is a distinction in an action for general trade libel, slander of title or malicious falsehood. In trade libel, actual damage need not be proved. But for slander of title, special damages must be proved.

[49] In respect of proof of actual damage, *Kerly's Law of Trademarks and Trade Names* (12th Ed) at p 346 states:

> Proof of damage is not in every case essential to enable the plaintiff to maintain his action, for if he shows that the defendant is acting so as to pass-off his goods as those of the plaintiff which are not the plaintiff's, it will generally be assumed that the plaintiff is thereby prevented from selling as many of the goods as he otherwise would: while even there is no direct loss of sales (as where plaintiff and defendant are not in direct competition), the confusion between the two suppliers puts the plaintiff's goodwill at risk.

[50] The above test was adopted in *Tee Yih Jia Food Manufacturing Pte Ltd v Seet Chuan Seng & Anor* [1993] 2 CLJ 345.

[51] Slander of goods and slander to title are two specific torts under a more common genus, described by *Gatley and Libel on Slander* (9th Ed) as 'malicious falsehood' and by *Halsbury's Laws of Malaysia* as 'injurious falsehood'. We are here concerned with slander of goods.

[52] Section 6 of the Defamation Act 1957 regulates the above torts. It provides as follows:

> 6 Slander of title, etc.
>
> (1) In any action for slander of title, slander of goods or other malicious falsehood, it shall not be necessary to allege or prove special damage —
>
> (a) if the words upon which the action is founded are calculated to cause pecuniary damage to the plaintiff and are published in writing or other permanent form; or
>
> (b) if the said words are calculated to cause pecuniary damage to the

plaintiff in respect of any office, profession, calling, trade or business held or carried on by him at the time of the publication.

Slander of goods

Slander of goods. An action for that variety of malicious falsehood commonly known as slander of goods lies whenever a person maliciously publish a false statement in disparagement of another person's goods, and thereby causes him special damage. (subject to section 3(1) of the English Defamation Act, 1952 — the equivalent of Section 6(1) of the Malaysian Defamation Act, 1957)

Elements of slander of goods

(i) A publication in disparagement of another person's goods

(ii) That was malicious; and

(iii) False

Goodwill

[53] Goodwill is defined in 'The Concise Oxford Dictionary' (8th Ed) as 'the established reputation of a business'. It is a difficult definition to encompass in a few words, as it consists of various elements. In *Star Industrial Co Ltd v Yap Kwee Kor* [1976] 2 FSR 256 at p 269 (PC) Lord Diplock observed as follows:

Goodwill as the subject of proprietary right is incapable of subsisting by itself. It has no independent existence apart from the business to which it is attached. It is local in character and divisible; if the business is carried to it in each. So when the business is abandoned in one country in which it has acquired a goodwill, the goodwill in that country perishes with it, although the business may continue to be carried on in other countries.

[54] In *Erven Warnink* Lord Diplock had stated:

The goodwill of a manufacturer's business may well be injured by someone else who sells goods which are correctly described as being made by that manufacturer but being of an inferior class or quality are misrepresented as goods of his manufacture of a superior class or quality.

[55] The concept of goodwill plays a major role in the action for passing off, trade libel, patent trademark etc.

[56] What elements are necessary to establish 'calculated to injure the business or goodwill of another trader' was dealt in the English Court of Appeal decision of *Legal and General Assurance Society Ltd v Daniel & Ors* [1968] RPC 253. In that case the court concluded, that even where the choice of the words 'Legal & General Enquiry Bureau' by the defendant's company which provided investigative services was not identical with the plaintiff's insurance company, Legal & General Assurance', the English Court of Appeal held that the use of the component 'Legal & General' was a strong prima facie case for an injunction, as it was found to have been calculated to lead to confusion. Lord Denning MR had this to say:

> It seems to me that, although these words, 'Legal and General' are descriptive words, nevertheless they have acquired such significance in business and elsewhere, that they have become especially associated with the plaintiff company. The words are very different from the words 'office cleaning' which were considered in the House of Lords in *Office Cleaning Services Ltd v Westminster Window & General Cleaners Ltd* (1946) 63 RPC 39. Those words 'office cleaning' are very common, ordinary descriptive words. These words 'Legal & General' are less common, less descriptive, more specialised, and rarely used in combination except by the plaintiffs. I find it difficult to believe that Mr Daniel chose the words 'Legal & General' just by chance. Then there is the advertisement in the newspaper advertisement telling people to write to 'Legal & General'. In all the circumstances, I have no hesitation in holding, as the judge did, that there is a strong prima facie case for holding that the use of the words 'Legal & General' by the defendants is calculated to lead to the belief that their business is in some way connected with the Legal & General Assurance Society. It is calculated to lead to confusion.

(See *Compagnie Generale Des Eaux v Compagnie Generale Des Eaux Sdn Bhd* [1993] 1 MLJ 55; [1996] 3 AMR 4015).

ARGUMENTS

[57] The plaintiffs' complaint is adequately set out in the plaintiffs' solicitors' letter stated above. In consequence, on the facts of the case it is sufficient if the defendants' argument is set out. The defendants say; (i) that the plaintiffs' witnesses PW1 during cross-examination said the product had come into the market in the end of 1999 but was not proved. And there is a contradiction in the witness statement which states that the plaintiffs' product came into the market after the approval from the Ministry of Health in the year 2000; (ii) from the evidence of the plaintiffs their product was in the market in the year 2001 and 2002 only; (iii) all accounts and advertisements tendered by the plaintiffs have clearly shown that the plaintiffs' product came into existence in the year 2001 and 2002 only and not thereafter; and (iv) the plaintiffs have failed to prove their products were in the market after the year 2002 and relies on s 114(g) of the Evidence Act 1950. Further, the defendants say; (i) that the plaintiffs have throughout the

trial failed to address the issue of malicious falsehood and slander of goods; and (ii) in consequence the two causes of action should be dismissed.

[58] In respect of conspiracy to injure the trade of the plaintiffs the defendants says; (i) the plaintiffs have failed to prove during trial that their products sale volumes were affected due to the defendants' products; (ii) no market survey was carried out by the plaintiffs to prove conspiracy to injure the trade of the plaintiffs; (iii) the defendants' witness DW1 had made a comparison on the total sales of the defendants' product for the year 2001 and 2002, which resulted after the appointment of the Hong Kong celebrity Ms Nancy Sit Ka Yin by the defendants for its advertisement. And the total sales volume had increased for the year 2002; and (iv) in consequence there is no conspiracy to injure the trade of the plaintiffs as the defendants' sales increased simply due to the appointment of the Hong Kong Celebrity as their spoke person but not misrepresenting the public as alleged by the plaintiffs. And the defendants rely on the case of *Consitex*.

[59] In respect of 'Lady Gold' with the three kanji characters the defendants say that it is the product which is mentioned by the plaintiffs throughout the proceedings, as well as in all advertisements and other documents including the letters of warning to the defendants, and the plaintiffs retailers. However, the plaintiffs' registration of the trademark which came after several years after the commencement of the suit bears only two kanji characters. In addition says; (i) PW1 admitted that the name 'Lady Gold' and the first kanji character were not registered as these words are generic in nature; (ii) PW1 in his witness statement had stated that the other two kanji characters are the term used in ancient China for imperial concubine; and (iii) the two kanji characters which were registered is not only generic but the mark is not distinctive and through the proceeding as well as the evidence of PW1 the distinctive feature mentioned by the plaintiffs were that of 'Lady Gold' with the three kanji characters and not the two kanji characters alone. And in consequence says the plaintiffs' registration of only two kanji characters instead of 'Lady Gold' with three kanji characters which cannot be registered per se was done as a whole with malice and with intention to condemn or to sue the competitors and also relies on the case of *JS Staedtler*.

[60] Further the defendants say; (i) comparison should be done in its' entirety. The plaintiffs' products having six syllables and is pronounced as La-dy-gold-kam-kwai-fei. Whereas the defendants' products have five syllables and is pronounced as san-yat-toi-kwai-fei; (ii) the pronouncement of both the plaintiffs' and the defendants' product is totally different; (iii) no confusion or deception created towards the consumer as they would be fully aware of the differences; and (iv) the plaintiffs have failed to prove the

confusion. And asserts that the registration of the two kanji characters is wrongful and ought to be expunged. In addition the defendants say that the two kanji characters is used since thousands of years ago and have the meaning of concubine/emperor's courtesan which is found in all Chinese dictionaries. And asserts it is generic word. And relies on ss 10 and 11 of the TMA 1976 and a latest Chinese dictionary. And says the plaintiffs had failed to tender a disclaimer condition for the said two kanji characters, is a generic word and such not distinctive. And relies on s 18 of the TMA 1976.

[61] I have heard the evidence, seen and examined in detail the relevant original exhibits, read the documents and submission of the parties in detail. I take the view the plaintiffs' claim must be dismissed. My reasons, inter alia, are as follows:

(a) I have examined the plaintiffs' product as well as the defendants' product personally and thereafter also with the assistance of two of my senior assistant registrars and two of my court interpreters one of which was a Chinese interpreter. The plaintiffs' product was marked as exh P4 and the defendants' product was marked as exh P3(a), (b) and (c). These are my findings:

(i) None of the defendant's product looked similar to the plaintiffs' product.

(ii) The plaintiffs' product has very distinct letters in bold stating as 'Lady Gold' with very big and visible fonts with embossed and colourful letters which cannot be mistaken unless any one who wants to imitate it produces it in the same manner, style, colour etc. Above the letters is inscribed the letter AABB, distinctly clear and colourful. Below the word 'Lady Gold' the kanji letters appears together and it is less attractive and smaller, then the word 'Lady Gold' and probably the letter AABB. In fact any person will say three kanji characters are not prominent and the word 'Lady Gold' stands prominently. And to my mind the word 'Lady Gold' will appear to be the most distinguishing mark on the box of the plaintiffs' product ie exh P4 and not the kanji characters.

(iii) The defendants' product carries a very colourful symbol of the two kanji characters and looks much more lively than the three kanji characters of the plaintiff.

(iv) The colour of the packing of the plaintiffs' product is entirely different from the defendants' product.

(v) The plaintiffs' product has a picture of a Chinese lady dressed in ancient attire and two of the defendants' product has the picture of two Chinese ladies in contemporary attire and one product the picture of flowers

(vi) The wording related to the ingredients as well as other writings on the box of the plaintiffs is totally different from the defendants' product.

(vii) There are many more differences and the defendants have identified some of them in the submission. I totally agree and it will serve no useful purpose in repeating the same.

(b) I do not find any basis for the plaintiffs' complaint for passing off or cause of action for malicious falsehood and slander of goods or infringement of trademark etc based on the cases relied by the parties and the jurisprudence which I have stated earlier. Literacy level in Malaysia is high. And I will say that the Chinese community at the age group of purchasing gynecological products such as that offered by plaintiffs and/or the defendants naturally will be those born after independence and will have been well exposed to education in Chinese, English as well as Bahasa Malaysia, sufficient for them to identify and distinguish the product they intend to purchase. Simply relying on old common law cases on passing off and other torts at this time of an era to initiate proceedings may not be relevant any more because of the increase in literacy level and less likelihood of confusion. The proposition is well articulated by Ramly Ali J (as he then was) in *Consitex* as follows:

> Literacy level in Malaysia high and consumers are more demanding, discerning and observant than before and therefore are able to distinguish the plaintiff's and defendant's trademark and businesses.
>
> The public these days are extremely cautious in purchasing products and will not be easily duped by traders unless it stands as an imitation or its like.

(c) In addition, I do not find any basis to say that the plaintiffs had established the elements of goodwill according to law to succeed in passing off action. This is also partly because the defendants' product was already in the market before the plaintiffs' product though the get up and/or marketing strategy may have been different. The period of sales shown by the plaintiffs was about 2 years; similar period during which the defendants had also promoted their product. It cannot be for a moment said from the evidence that the plaintiffs have shown that goodwill existed at the relevant time. I agree with the submission of the plaintiffs that goodwill can be acquired even without a product being launched. However, the duty,

obligation and the legal burden is placed on the plaintiffs to show that in fact the plaintiffs had acquired goodwill for its product. In *Electro Cad Australia Pty Ltd & Ors v Mejati RCS Sdn Bhd & Ors* [1998] 3 MLJ 422, the court made the following observations:

> Goodwill
>
> Goodwill may be defined as the benefit and advantage of the good name, reputation and connection with a business whether it is a business that provides services or manufactures and/or distributes certain products. In other words, goodwill is the attractive force that brings in custom. It distinguishes a well established business from one starting off in the same trade. The law of passing off is essentially concerned with the protection of the goodwill associated with a business. Although it is a fact that it is the goodwill of a business that the law protects, an indicia or trade name used in connection with a certain business is of vital importance as the public will normally identify the said business which produces certain products or provides certain services by way off indicia or trade name used. In *The Law of Passing off* by Christopher Wadlow at p 66, the learned author says:
>
> > Goodwill is normally created by trading, and very slight trading activities have been held to suffice.
>
> I accept the author's views that actual trading itself is not crucial in order to create goodwill. Pre-launch advertisements in themselves may create goodwill. In fact in *Sheraton Corp of America v Sheraton Motels Ltd* [1964] RPC 202, Buckley J said at p 103:
>
> > ... presumably in the meantime there is likely to be some publicity connected with it, and the fact that the business not yet in operation and that indeed the building is not yet up does not mean that publicity will not be launched well in advance of the opening of the building.

(d) The plaintiffs say the protection sought is not in relation to the brand name in English but the kanji characters of the same name namely the two words. In my view, the plaintiffs' submission is totally erroneous and departs from the pleadings and evidence. The plaintiffs have at all time maintained their product as 'Lady Gold' with the three kanji characters. They only applied to register the trademark on 17 July 2001 of the two kanji characters and registration certificate was issued only in 2004. The writ was issued before 2002 ie before the registration certificate was issued even though technically upon the issuance of the registration certificate the trademark is deemed to have been registered as at the application date. In consequence, at the time of the filing of the writ until date they cannot say or lead evidence to say that their product is 'Lady Gold' with three kanji characters, when registration finally was given to two kanji characters.

In addition by registering the two kanji characters, it gives bona fide grounds to argue that it is generic in nature. The plaintiffs in this case had voluntarily courted trouble, with imperial concubine and/or courtesan by using it as a name for their product when it can be argued that the name is generic. And if the complaint of the defendants is properly taken by way of counterclaim I will have no hesitation in invalidating or expunging the name from the registry of trademarks.

(e) The plaintiffs' reliance of the case of *Yomeishu*, *Seet*, *McCurry*, *Electro Cad*, *Lloyd's*, *Pub Squash* etc has no relevance to the facts of this case. And the principles stated therein though stands as good law can only be applied if the facts warrant so, in the right perspective.

(f) As I have dealt with the merits of the case, I do not think it is necessary to deal with the technical objections raised by the defendants, save to say such technical objections must be taken at the earliest opportunity; that too by a proper application before the court, failing which as a general rule it must be deemed to have been waived.

[62] For reasons stated above, I dismiss the plaintiffs' application with costs. I fix the costs in the sum of RM50,000 to be payable by the plaintiffs to the defendants.

Plaintiffs' application dismissed with costs.

Reported by Kohila Nesan